

TOWN OF HAMPDEN, MAINE

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT***

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2019***

**TOWN OF HAMPDEN
FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

May 22, 2020

Members of the Town Council
Town of Hampden
Hampden, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hampden, Maine (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hampden, Maine as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules, and other post-employment benefits schedules on pages 3-8, 45-49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hampden, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA

TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Management of the Town of Hampden, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Hampden, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2019 by \$18,346,008 for governmental activities and \$3,559,669 for business-type activities (presented as “net position”). Of this amount, \$3,689,401 was reported as “unrestricted net position” for governmental activities and (\$469,079) for business-type activities. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$156,401 (a .7% increase) for the fiscal year ended June 30, 2019. Net position of governmental activities increased by \$28,905 (a .2% increase), while net position of business-type activities showed an increase of \$127,496 (a 3.7% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2019; the Town's governmental funds reported a combined ending fund balance of \$5,259,433 with \$2,119,944 being general unassigned fund balance and \$34,091 being host community benefit unassigned fund balance. The general unassigned fund balance represents approximately 13% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$265,550 (15%) during the current fiscal year. Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3G of the notes to the financial statements on pages 32-34 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's

TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 11-14 of this report. The basic proprietary fund financial statements can be found on pages 15-17 of this report. The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 20-44 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes a schedule of proportionate share of net pension liability and schedule of employer contributions in relation to GASB Statement #68. This section also includes OPEB schedules related to GASB Statement #75. Required supplementary information can be found on page 45-49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

81% of the Town's net position reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets); less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-type Activities	Total 2019	Total 2018
Current Assets	5,969,157	52,889	6,022,046	4,898,608
Capital Assets	16,922,661	6,450,617	23,373,278	24,028,443
Total Assets	22,891,818	6,503,506	29,395,324	28,927,051
 Total Deferred Outflows of Resources	 355,163		 355,163	 609,120
 Total Assets and Deferred Outflows of Resources	 23,246,981	 6,503,506	 29,750,487	 29,536,171
 Current Liabilities	2,228,824	522,458	2,751,282	762,778
Other Liabilities	2,422,838	2,421,379	4,844,217	6,501,070
Total Liabilities	4,651,662	2,943,837	7,595,499	7,263,848
 Total Deferred Inflows of Resources	 249,311		 249,311	 523,047
 Net Position:				
Net Investment in Capital Assets	14,028,489	3,724,791	17,753,280	18,846,225
Restricted	628,118	303,957	932,075	838,107
Unrestricted	3,689,401	(469,079)	3,220,322	2,064,944
Total Net Position	18,346,008	3,559,669	21,905,677	21,749,276
 Total Liabilities and Net Position	 23,246,981	 6,503,506	 29,750,487	 29,536,171

TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

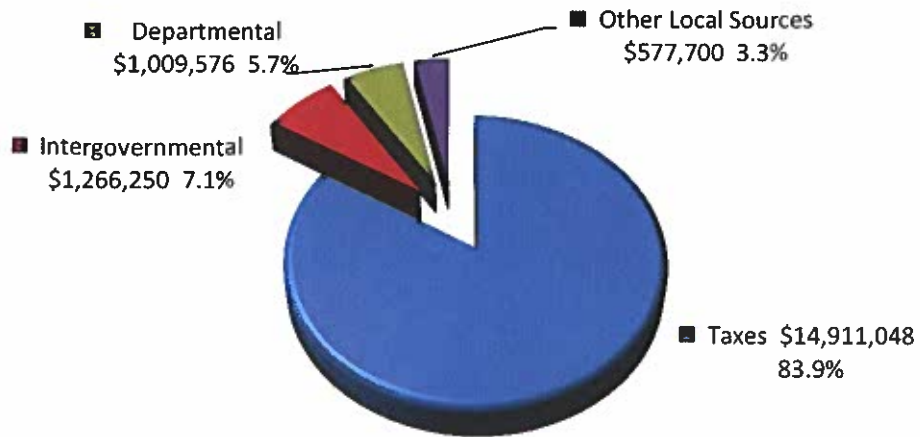
Changes in Net Position

Approximately 84 percent of the Town's total revenue came from property and excise taxes, approximately 7 percent came from State subsidies and grants, and approximately 9 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-type activity assets represents \$1,544,763 of the total expenses for the fiscal year.

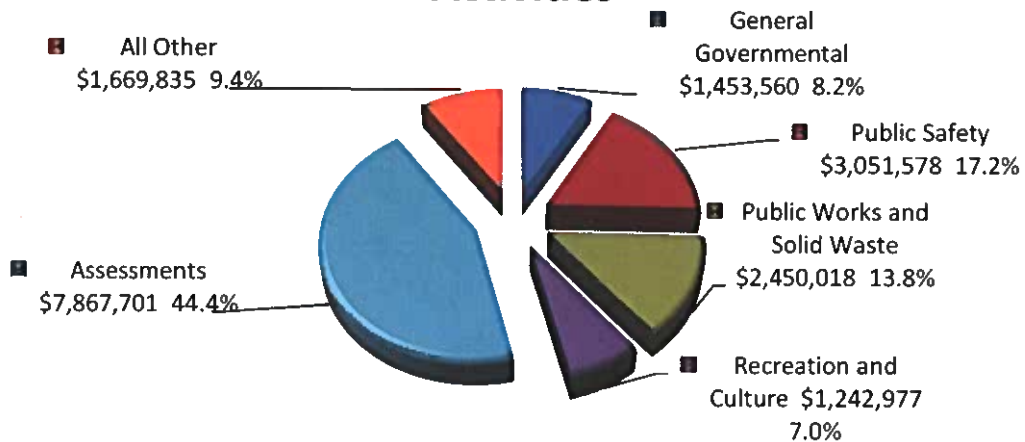
	Governmental Activities	Business-type Activities	Total 2019	Total 2018
<i>Revenues:</i>				
Taxes	14,911,048		14,911,048	13,716,360
Intergovernmental Revenues	1,266,250		1,266,250	1,055,973
Departmental Revenues	1,009,576	1,077,718	2,087,294	2,037,574
Investment Income	43,543	16,668	60,211	41,281
Fair Value Increase (Decrease)	25,238	197	25,435	(1,485)
Other Local Sources	508,919	13,775	522,694	594,331
Total	17,764,574	1,108,358	18,872,932	17,444,034
<i>Expenses:</i>				
General Government	1,453,560		1,453,560	1,316,542
Public Safety	3,051,578		3,051,578	3,177,391
Public Works	2,076,287		2,076,287	2,361,742
Solid Waste	373,731		373,731	415,493
Recreation and Culture	1,242,977		1,242,977	1,279,967
The Bus	79,937		79,937	97,467
Buildings and Grounds	222,761		222,761	230,866
Outside Agencies & Gen. Asst.	20,178		20,178	2,253
Debt Service & Capital Outlay	994,475		994,475	165,326
Assessments and TIF	8,220,185		8,220,185	7,538,316
Sewer Enterprise		980,862	980,862	916,320
Total	17,735,669	980,862	18,716,531	17,501,683
Changes in Net Position	28,905	127,496	156,401	(57,649)

TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Revenues By Source - Governmental Activities

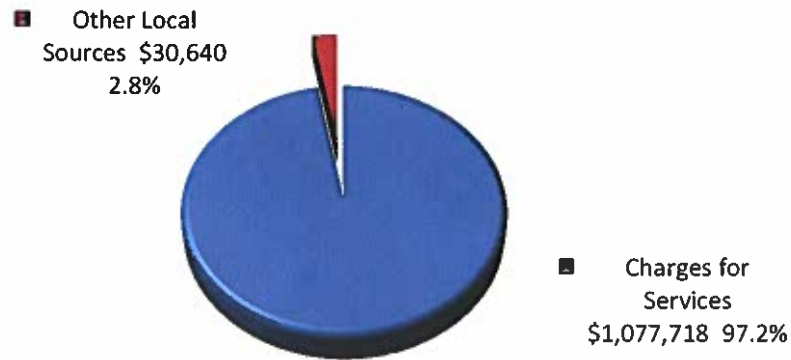


Expenditures By Source - Governmental Activities

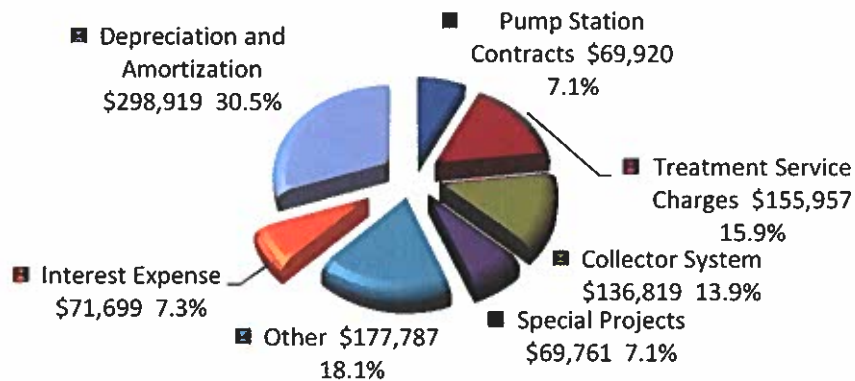


TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Revenues By Source - Business-type Activities



Expenditures By Source - Business-type Activities



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$5,259,433, an increase of \$788,290 in comparison with the prior year. Approximately 41 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

TOWN OF HAMPDEN, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$152,813 positive variance in auto excise. The variance is due to conservative budgeting.
- \$51,323 positive variance in ambulance services revenue. The variance is due to conservative budgeting.
- \$27,651 positive variance in administration. The variance is due to wages, FICA, health and legal fees under budget. Legal fees were due to conservative budgeting.
- \$29,713 negative variance in fire department expenditures. Wages, retirement, health insurance, EMS supplies, and safety equipment was over budget. Wages and related expenses were higher due to two employees out on leave. Safety equipment was over due to an insurance claim on turnout gear.
- \$24,717 positive variance in public works. The variance is due to paving not completed due to timing.
- \$52,162 positive variance in recreation program expenditures. The variance is due to conservative budgeting.
- \$26,415 positive variance in the bus. The variance is due to cost estimated at budget time.
- \$36,462 positive variance in debt service. The variance is due to budgeting for an anticipated principal payment that did not come due.
- \$52,392 positive variance in overlay. The variance is due to conservative budgeting.
-

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities amounts to \$57,619,499, net of accumulated depreciation of \$34,246,221 leaving a net book value of \$23,373,278. Current year additions include \$84,596 garage-salt shed foundation, \$29,280 for a police vehicle, \$119,534 for two public work trucks, \$21,000 for a public works pickup truck, \$8,740 for lift gate & snow plow equipment, \$65,218 for a backhoe, \$613,274 paving and road reconstruction.

Additional information on the Town's capital assets can be found in Note 3D of the notes to the financial statements on pages 29-30 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Hampden, 106 Western Ave., Hampden, ME 04444.

TOWN OF HAMPDEN
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A

	Governmental	Business-Type	
Assets	Activities	Activities	Total
Cash and Equivalents	3,794,423	425,300	4,219,723
Investments	780,102	8,454	788,556
Receivables			
Taxes	359,921		359,921
Liens	75,486		75,486
Sewer User Fees/Liens		81,305	81,305
Solid Waste	811		811
Ambulance	223,406		223,406
Other	234,565	38,273	272,838
Internal Balances	500,443	(500,443)	-
Capital Assets:			
Land	1,656,858		1,656,858
Other Capital Assets, Net of Depreciation	15,265,803	6,450,617	21,716,420
Total Assets	22,891,818	6,503,506	29,395,324
Deferred Outflows of Resources:			
Related to Pensions	311,451		311,451
Related to Other Post Employment Benefits	43,712		43,712
Total Deferred Outflow of Resources	355,163	-	355,163
Total Assets and Deferred Outflows of Resources	23,246,981	6,503,506	29,750,487
Liabilities			
Accounts Payable and Tax Increment Financing Payable	289,462	218,011	507,473
Accrued Salaries Payable	74,196		74,196
Accrued Interest Payable		15,675	15,675
Project Escrows	9,777		9,777
Compensated Absences Payable	364,653		364,653
Long-term Liabilities:			
Net Pension Liability	683,370		683,370
Net Other Post Employment Benefits Liability	336,032		336,032
Due Within One Year	1,490,736	288,772	1,779,508
Due in More Than One Year	1,403,436	2,421,379	3,824,815
Total Liabilities	4,651,662	2,943,837	7,595,499
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	14,404		14,404
Related to Pensions	197,100		197,100
Related to Other Post Employment Benefits	37,807		37,807
Total Deferred Inflows of Resources	249,311	-	249,311
Net Position			
Net Investment in Capital Assets	14,028,489	3,724,791	17,753,280
Restricted	628,118	303,957	932,075
Unrestricted	3,689,401	(469,079)	3,220,322
Total Net Position	18,346,008	3,559,669	21,905,677
Total Liabilities, Deferred Inflows of Resources, and Net Position	23,246,981	6,503,506	29,750,487

The notes to financial statements are an integral part of this statement.

**TOWN OF HAMPDEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Primary Government</u>				
<u>Governmental Activities</u>				
General Government	1,453,560	96,566		(1,356,994)
Public Safety	3,051,578	284,419	152,977	(2,614,182)
Public Works	2,076,287	7,909		(2,068,378)
Solid Waste	373,731	43,651		(330,080)
Recreation and Culture	1,242,977	601,050		(641,927)
The Bus	79,937			(79,937)
Buildings and Grounds	222,761			(222,761)
Outside Agencies	10,864			(10,864)
General Assistance	9,314		7,834	(1,480)
Debt Service & Capital Outlay	994,475			(994,475)
RSU #22 Assessment	6,941,925			(6,941,925)
Assessments and Tax Increment Financing	1,278,260			(1,278,260)
<u>Total Governmental Activities</u>	<u>17,735,669</u>	<u>1,033,595</u>	<u>160,811</u>	<u>(16,541,263)</u>
<u>Business-type Activities</u>				
Sewer Department	980,862	1,077,718		96,856
<u>Total Business-type Activities</u>	<u>980,862</u>	<u>1,077,718</u>	<u>-</u>	<u>96,856</u>
<u>Total Primary Government</u>	<u>18,716,531</u>	<u>2,111,313</u>	<u>160,811</u>	<u>(16,444,407)</u>
<u>General Revenues:</u>				
Taxes				
Property				12,746,798
Auto				2,152,813
Boat				11,437
Intergovernmental Revenues				1,105,439
Departmental Revenues				60,000
Investment Income				16,668
Fair Value Increases/(Decreases)				197
Other Local Sources				13,775
<u>Total Revenues, Special Items and Transfers</u>				<u>16,570,168</u>
				<u>30,640</u>
				<u>16,600,808</u>
<u>Changes in Net Position</u>				
<u>Net Position - Beginning</u>				<u>18,317,103</u>
				<u>127,496</u>
				<u>3,432,173</u>
<u>Net Position - Ending</u>				<u>21,749,276</u>
				<u>18,346,008</u>
				<u>3,559,669</u>
				<u>21,905,677</u>

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit C
Page 1 of 2

	General Fund	Capital Improvement Program	Other Governmental Funds	Total
Assets				
Cash and Equivalents	2,578,549	1,149,827	66,047	3,794,423
Investments	273,478		506,624	780,102
Receivables				
Taxes	359,921			359,921
Liens	75,486			75,486
Solid Waste	811			811
Ambulance	223,406			223,406
Bond			25,256	25,256
Other	209,309			209,309
Due from Other Funds	528,388	82,735	677,839	1,288,962
Total Assets	4,249,348	1,232,562	1,275,766	6,757,676
Liabilities				
Accounts Payable	137,909			137,909
Tax Increment Financing Payable	151,553			151,553
Accrued Salaries Payable	74,196			74,196
Project Escrows	9,777			9,777
Due to Other Funds	756,615		31,904	788,519
Total Liabilities	1,130,050	-	31,904	1,161,954
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	14,404			14,404
Advanced Recreation Summer Fees	38,326			38,326
Unavailable Property Tax Revenue	283,559			283,559
Total Deferred Inflows of Resources	336,289	-	-	336,289
Fund Balances				
Nonspendable			334,020	334,020
Restricted	178,078		116,020	294,098
Committed	389,186	1,232,562	597,680	2,219,428
Assigned	61,710		196,142	257,852
Unassigned	2,154,035			2,154,035
Total Fund Balances	2,783,009	1,232,562	1,243,862	5,259,433
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	4,249,348	1,232,562	1,275,766	6,757,676

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit C
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	5,259,433
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$27,271,107	16,922,661
Deferred outflows of resources related to pension plans	311,451
Deferred outflows of resources related to other post employment benefits	43,712
Deferred inflows of resources related to pension plans	(197,100)
Deferred inflows of resources related to other post employment benefits	(37,807)
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Net Pension Liability	(683,370)
Net Other Post Employment Benefits Liability	(336,032)
Advanced Recreation Summer Fees	38,326
Unavailable Property Tax Revenue	283,559
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(2,653,156)
Leases Payable	(241,016)
Accrued Compensated Absences	(364,653)
Net Position of Governmental Activities	<u>18,346,008</u>

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit D
Page 1 of 2

	General Fund	Capital Improvement Program	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	14,877,233			14,877,233
Intergovernmental Revenues	1,218,673		47,577	1,266,250
Departmental Revenues	1,009,576			1,009,576
Investment Income	25,215	10,171	8,157	43,543
Fair Value Increases (Decreases)	(2,644)	2,773	25,109	25,238
Other Local Sources	416,598	17,311	86,977	520,886
Total Revenues	17,544,651	30,255	167,820	17,742,726
Expenditures				
Current:				
General Government	1,299,530		3,906	1,303,436
Public Safety	3,220,926		46,207	3,267,133
Public Works	2,087,285			2,087,285
Solid Waste	422,011			422,011
Recreation and Culture	1,181,863		18,400	1,200,263
The Bus	79,937			79,937
Buildings and Grounds	219,239			219,239
General Assistance	9,314			9,314
Outside Agencies	10,864			10,864
Tax Increment Financing	352,484			352,484
Assessments	7,867,701			7,867,701
Debt Service	295,083			295,083
Capital Outlay		437,366	527,576	964,942
Total Expenditures	17,046,237	437,366	596,089	18,079,692
Excess of Revenues Over (Under) Expenditures	498,414	(407,111)	(428,269)	(336,966)
Other Financing Sources (Uses)				
Bond Proceeds			1,125,256	1,125,256
Transfers In	-	400,268	9,900	410,168
Transfers Out	(369,658)	(35,010)	(5,500)	(410,168)
Total Other Financing Sources (Uses)	(369,658)	365,258	1,129,656	1,125,256
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	128,756	(41,853)	701,387	788,290
Fund Balance - July 1	2,654,253	1,274,415	542,475	4,471,143
Fund Balance - June 30	2,783,009	1,232,562	1,243,862	5,259,433

(Continued)

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	788,290
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	941,642
Capital asset disposals	(52,044)
Depreciation expense	(1,245,844)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Property Taxes	33,815
Advanced Recreation Summer Fees	(11,967)
Bond proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Lease principal payments	135,580
New BAN	(1,125,256)
General obligation bond principal payments	265,550
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Deferred Outflows of Pension Expense	(248,493)
Deferred Inflows of Pension Expense	280,915
Net Pension Liability	297,101
Deferred Outflows of Other Post Employment Benefits	(5,464)
Deferred Inflows of Other Post Employment Benefits	(35,766)
Net Other Post Employment Benefits Liability	15,528
Accrued compensated absences	(4,682)
Change in net position of governmental activities	<u>28,905</u>

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2019

Exhibit E

	<i>Sewer Enterprise</i>
<i>Assets</i>	
<i>Current Assets:</i>	
Cash and Equivalents	425,300
Investments	8,454
User Fees/Liens Receivable	81,305
BAN Receivable	38,273
<i>Capital Assets:</i>	
Other Capital Assets, Net of Depreciation	6,450,617
<i>Total Assets</i>	7,003,949
<i>Liabilities</i>	
<i>Current Liabilities:</i>	
Accounts Payable	218,011
Accrued Interest Payable	15,675
Retainage Payable	
Due to Other Funds	500,443
<i>Long-term Liabilities:</i>	
Due Within One Year	288,772
Due in More Than One Year	2,421,379
<i>Total Liabilities</i>	3,444,280
<i>Net Position</i>	
Net Investment in Capital Assets	3,724,791
Restricted	303,957
Unrestricted	(469,079)
<i>Total Net Position</i>	3,559,669
<i>Total Liabilities and Net Position</i>	7,003,949

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN PROPRIETARY NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit F

	Budget	Sewer Enterprise	Variance Favorable (Unfavorable)
Operating Revenues:			
Charges for Services	1,150,000	1,077,718	(72,282)
Total Operating Revenues:	1,150,000	1,077,718	(72,282)
Operating Expenses:			
Repairs	17,000	18,252	(1,252)
Utilities/Fuel	37,000	36,033	967
Pump Station Contracts	67,200	69,920	(2,720)
Treatment Service Charges	134,400	155,957	(21,557)
Collector System	122,500	136,819	(14,319)
Special Projects / I/I Projects	99,000	69,761	29,239
Operation & Maintenance Contingency	5,000	4,642	358
Abatements	5,000	10,150	(5,150)
Wages	60,000	60,000	-
Supplies	25,470	22,700	2,770
Professional Services	23,940	21,379	2,561
Bond Council	5,000	4,631	369
Debit Card Fees	300		300
Depreciation and Amortization		298,919	(298,919)
Total Operating Expenses	601,810	909,163	(307,353)
Net Operating Income (Loss)	548,190	168,555	(379,635)
Non-operating Revenues (Expenses)			
Interest Revenue	12,281	16,668	4,387
Change in Fair Market Value		197	197
Miscellaneous Income	3,300	13,775	10,475
Interest Expense	(372,944)	(71,699)	301,245
Total Non-operating Revenues (Expenses)	(357,363)	(41,059)	316,304
Net Income (Loss)	190,827	127,496	(63,331)
Total Net Position - Beginning		3,432,173	
Total Net Position - Ending		3,559,669	

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit G

	<u><i>Sewer Enterprise</i></u>
<i>Cash Flows from Operating Activities;</i>	
Received from Customers	1,077,718
Payments to Suppliers	(403,275)
Payments to Employees	(60,000)
Other Receipts (Payments)	<u>(192,892)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>421,551</u>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Principal Paid on Capital Debt	(288,770)
Interest Paid on Capital Debt	<u>(66,536)</u>
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(355,306)</u>
<i>Cash Flows from Investing Activities</i>	
Net Purchases / Sales of Investments	6,810
Interest and Dividends	<u>16,668</u>
<i>Net Cash Provided by (Used in) Investing Activities</i>	<u>23,478</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	89,723
<i>Balances - beginning of the year</i>	<u>335,577</u>
<i>Balances - end of the year</i>	<u><u>425,300</u></u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>	
Operating Income (Loss)	168,555
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	298,919
Changes in Assets and Liabilities;	
Receivables, net	(38,405)
Accounts Payable	89,986
Accrued Interest	2,496
Due to Other Funds	<u>(100,000)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u><u>421,551</u></u>

The notes to financial statements is an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

Exhibit H

	<i>Private Purpose Trust Fund Environmental Trust</i>
<i>Assets</i>	
Cash and Equivalents	65,737
Investments	<u>3,579,773</u>
<i>Total Assets</i>	<u><u>3,645,510</u></u>
<i>Net Position</i>	
Restricted	<u>3,645,510</u>
<i>Total Net Position</i>	<u><u>3,645,510</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF HAMPDEN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit I

	<u><i>Private Purpose Trust Fund Environmental Trust</i></u>
Additions	
Fair Value Increases (Decreases)	92,395
Investment Income	73,913
Other Local Sources	
Total Additions	<u>166,308</u>
Deductions	
Reimbursements	178,009
Professional Fees	<u>11,579</u>
Total Reductions	<u>189,588</u>
Change in Net Position	<u>(23,280)</u>
Net Position - July 1	<u>3,668,790</u>
Net Position - June 30	<u><u>3,645,510</u></u>

The notes to financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hampden have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Town of Hampden operates under an elected Town Council and Town Manager form of government. The Town's major operations include public works, public safety and general administrative services.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the respective fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recognized when transactions occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property taxes, sales taxes, interdepartmental charges and intergovernmental revenues are considered susceptible to accrual. Special assessments are recorded as revenues in the year the assessment become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is used to account for all or most of the Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the servicing of general long-term debt (debt service fund). The General Fund is used to account for all activities of the general government not accounted in some other fund.

The capital improvement program accounts for all designated activities in the capital improvement fund.

The Town reports the following major enterprise fund:

The sewer fund accounts for the activities of the sewerage operations. The Town operates the sewer collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Nonexpendable trust funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.

Fiduciary funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Town's own programs.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the Statement of Activities, amounts reported as program revenue include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The Town may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Maine Statute 5705 Title 30-A and as provided in the authorized investment guidelines of the Maine Statutes 5711 through 5719 in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

2. Receivables and Payables

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year-end are classified as unavailable property tax revenue. At June 30, \$283,559 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 21 on property values assessed on April 1. Taxes were due in two installments due on October 3 and April 3, with interest at 8% beginning October 4 and April 4. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. Liens were placed on the 2017 fiscal year levy on August 23, 2018. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

Certain grants received from other governments require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded for the period in which eligible expenditures are made.

3. Inventories

Inventories are valued at cost using the first in, first out method.

4. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

4. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	18-50
Equipment	5-50

5. Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has an item that qualifies as deferred outflows of resources, and it has an item that qualifies as a deferred inflow. Both items are related to pensions. These amounts are considered unavailable and will be recognized as an outflow of resources (expenditure) and an inflow of resources (revenue) in the period that the amounts become available.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

7. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the Maine Municipal Employees Health Trust (MMEHT) and additions to / deductions from their fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

8. Compensated Absences

Town employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for all accumulated vacation time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

8. Compensated Absences (continued)

Employees earn sick leave at a rate of one work day for each full calendar month of service, accumulative to a maximum of one 120 working days. Upon retirement or resignation, an employee in good standing is entitled to payment for 25% of accrued sick time up to a maximum of 30 days.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for Town, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for Towns not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Hampden is in compliance with the above requirements.

10. Fund Balances/Net Position

Fund Balances

In accordance with Government Accounting Standards Board 54, fund balance reporting and governmental fund type definitions, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town council voting and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Manager.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The Town does not have a formal minimum fund balance policy.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

The Town has identified June 30, 2019 fund balances on the balance sheet as follows:

	General	Capital	Other	
	Fund	Improvement	Governmental	
		Program	Funds	Total
<u>Nonspendable</u>				
Dyer Library Principal			275,893	275,893
Cemetery Principal			57,927	57,927
Diane Marshall Book Fund Principal			200	200
<u>Restricted</u>				
Pool Donations			221	221
Public Safety Donation			2,064	2,064
Public Works Donation			425	425
Library			4,733	4,733
Lura Hoit Pool Scholarship			35,911	35,911
Wellness Fund			295	295
Pink Garden			115	115
MRPA Tickets			270	270
Snowmobile Grant			7,770	7,770
Sucker Brook Comp Fee Util Plan			64,216	64,216
Municipal Revenue Sharing	178,078			178,078
<u>Committed</u>				
Capital Improvement Program		1,232,562		1,232,562
Rt 202 Fire Suppression			1,913	1,913
Rt 1A Project			595,767	595,767
Town Reserves	231,543			231,543
Voting Machine	18,492			18,492
Bronco Youth Football	12,055			12,055
Bronco Travel Basketball	13,147			13,147
Bronco Little League	11,842			11,842
BYF Camp Haws	4,555			4,555
Lura Hoit Pool	97,552			97,552
<u>Assigned</u>				
Dyer Library			160,145	160,145
Cemetery			35,721	35,721
Diane Marshall Book Fund			276	276
Encumbrances	61,710			61,710
<u>Unassigned</u>				
General Fund	2,119,944			2,119,944
Host Community Benefit	34,091			34,091
<u>Total Fund Balance</u>	2,783,009	1,232,562	1,243,862	5,259,433

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

10. Fund Balances/Net Position (continued)

Net Position

Net position are required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portions of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the General Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at fiscal year end to the extent that they have not been encumbered.

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In 2018-2019, \$0 of the beginning General Fund fund balance was applied for this purpose.

Reserve funds, once established by the Town Council, may be expended with approval of the Council for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town Treasurer in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. All time and savings deposits owned by the Town's official custodian are insured up to \$250,000 by the FDIC. Separately, all demand deposits owned by the Town's official custodian are insured up to \$250,000 by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

At year-end, the carrying value of the Town's deposits was \$4,285,460 and the bank balance was \$4,647,870. Of the bank balance, \$429,490 was covered by federal depository insurance. \$4,000,000 was covered by a FHLB irrevocable letter of credit. \$218,380 is uncollateralized.

B. Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the town's mission, the town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury securities and common stock of \$4,368,329 are valued using quoted market prices (Level 1 inputs)

Investment Policies

Generally, the Town's investing activities are managed under the custody of the Town Treasurer. Investing is performed in accordance with the investment policy adopted by the Town Council complying with state statutes. The Town may invest in securities permitted under 30-A MRSA 5712, 5713, 5714, 5715, and 5716. Upon approval of the Town Council, the treasurer of the trustee(s) of a trust fund of the town, may enter into safekeeping and investment management agreements and/or investment advisory agreements in accordance with 30-A MRSA 5706(4) and the investment funds pursuant to any such agreements shall be governed by the rule prudence as set forth in 18-A MRSA 7-302.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	648,141,100	
Tax Rate (per \$1,000)	<u>19.60</u>	
Commitment	<u>12,703,566</u>	
Appropriations	17,606,129	
Less:		
State Municipal Revenue Sharing	416,958	
Estimated Revenues	3,942,089	
BETE Reimbursement	104,405	
Homestead Reimbursement	<u>439,111</u>	
	<u>4,902,563</u>	
Net Assessment for Commitment	<u>12,703,566</u>	

Uncollected taxes at June 30 for the current year commitment totaled \$277,032. Unpaid liens at June 30 totaled \$75,486.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	1,656,858			1,656,858
<i>Capital assets being depreciated</i>				
Buildings	6,075,029	84,596		6,159,625
Equipment	4,275,211	243,772	(650,965)	3,868,018
Infrastructure	31,895,992	613,274		32,509,266
<i>Total capital assets being depreciated</i>	42,246,232	941,642	(650,965)	42,536,909
<i>Less accumulated depreciation for</i>				
Buildings	2,687,550	146,134		2,833,684
Equipment	2,259,878	263,931	(598,921)	1,924,888
Infrastructure	21,676,755	835,779		22,512,534
<i>Total accumulated depreciation</i>	26,624,183	1,245,844	(598,921)	27,271,106
<i>Net capital assets being depreciated</i>	15,622,049	(304,202)	(52,044)	15,265,803
<i>Governmental Activities Capital Assets, net</i>	17,278,907	(304,202)	(52,044)	16,922,661

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets being depreciated</i>				
Sewer System	13,425,355	7,543		13,432,898
<i>Total capital assets being depreciated</i>	13,425,355	7,543	-	13,432,898
 <i>Less accumulated depreciation for</i>				
Sewer System	6,675,819	299,295		6,975,114
<i>Total accumulated depreciation</i>	6,675,819	299,295	-	6,975,114
<i>Net capital assets being depreciated</i>	6,749,536	(291,752)	-	6,457,784
<i>Business-type Activities Capital Assets, net</i>	6,749,536	(291,752)	-	6,457,784

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities

General Government	49,421
Public Safety	126,106
Recreation and Culture	56,048
Public Works, including depreciation of general infrastructure assets	1,014,269
 Total Depreciation Expense - Governmental Activities	 1,245,844

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables and Payables

Individual fund interfund receivable and payable at June 30, 2019, were as follows:

	<i><u>Interfund Receivable</u></i>	<i><u>Interfund Payable</u></i>
General Fund	528,388	756,615
Special Revenue Funds	80,109	
Capital Projects	680,415	25,256
Permanent Funds		
Dyer Library		1,648
Cemetery	50	5,000
Enterprise Fund		
Sewer		<u>500,443</u>
Totals	<u>1,288,962</u>	<u>1,288,962</u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. The above balances represent cash that has been deposited into the general fund checking account for those funds. The Town Council and Town Manager are aware of the interfund balances and are working on a multi-year payback plan.

Transfers To/From Other Funds at June 30, 2019, were as follows:

	<i><u>Transfers From</u></i>	<i><u>Transfers To</u></i>
General Fund		369,658
Special Revenue Funds	9,900	
Capital Projects	400,268	35,010
Trust Funds		5,500
Totals	<u>410,168</u>	<u>410,168</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) transfer funds to general fund to cover expenditures voted on per Council.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Leases

The town is obligated under certain leases accounted for as capital leases. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

<i>Year Ended</i>	<i>Minimum</i>
<i>June 30,</i>	<i>Lease Payment</i>
2020	109,084
2021	109,085
2022	19,621
2023	19,622
Total Minimum Lease Payments	257,412
Less: Amount Representing Interest	(16,396)
Present Value of Future Minimum Lease Payments	241,016

G. Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Hampden for the year ended June 30, 2019:

	<i>Beginning</i>		<i>Ending</i>	<i>Due Within</i>	
	<i>Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance</i>	<i>One Year</i>
<i>Governmental activities:</i>					
<i>Bonds payable:</i>					
2000 Road Construction and Line Extensions	270,000		(90,000)	180,000	90,000
2002 Fire Station	337,200		(84,300)	252,900	84,300
2011 Mayo Road	1,186,250		(91,250)	1,095,000	91,250
Governmental activities long-term obligations	1,793,450	-	(265,550)	1,527,900	265,550
<i>Proprietary Fund:</i>					
<i>Bonds payable:</i>					
2006 Sewer SRF	631,583		(78,947)	552,636	78,948
2010 Rt 1A Sewer	1,159,467		(90,763)	1,068,704	91,789
2014 Sewer Project	766,743		(45,103)	721,640	45,102
<i>Loans payable:</i>					
2017 Sewer Bills	213,100		(38,316)	174,784	36,344
2017 Sewer Projects	228,100		(35,713)	192,387	36,589
Proprietary long-term obligations	2,998,993	-	(288,842)	2,710,151	288,772

In 2000, the Town issued a bond for road construction and line extensions with Maine Municipal Bond Bank. The bond was issued for \$1,800,000, with \$90,000 in annual principal payments. Interest is paid annually at a rate of 4.676-5.751%. The balance at June 30, 2019 was \$180,000.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (continued)

In 2002, the Town issued a bond for the fire station with Maine Municipal Bond Bank. The bond was issued for \$1,686,000, with \$84,300 in annual principal payments. Interest is paid annually at a rate of 3.25-5.125%. The balance at June 30, 2019 was \$252,900.

In 2011, the Town issued a bond for the Mayo Road project with Maine Municipal Bond Bank. The bond was issued for \$1,825,000, with \$91,250 in annual principal payments. Interest is paid annually at a rate of .831-5.094%. The balance at June 30, 2019 was \$1,095,000.

In 2006, the Town issued a bond for the sewer SRF project with Maine Municipal Bond Bank. The bond was issued for \$1,500,000, with \$78,948 in annual principal payments. Interest is paid annually at a rate of 2.55-6.01%. The balance at June 30, 2019 was \$552,636.

In 2010, the Town issued a bond for the Rt 1A sewer project with Maine Municipal Bond Bank. The bond was issued for \$1,850,000, with variable annual principal payments. Interest is paid annually at a rate of 0-1.13%. The balance at June 30, 2019 was \$1,068,704.

In 2014, the Town issued a bond for the sewer project with Maine Municipal Bond Bank. The bond was issued for \$902,050, with \$45,102 in annual principal payments. Interest is paid annually at a rate of .41-4.02%. The balance at June 30, 2019 was \$721,640.

In 2017, the Town issued a loan for the sewer bills with First National Bank. The loan was issued for \$258,810, with variable annual principal payments. Interest is paid annually at a rate of 2.61%. The balance at June 30, 2019 was \$174,784.

In 2017, the Town issued a loan for the sewer project with Camden National Bank. The loan was issued for \$262,936, with variable annual principal payments. Interest is paid annually at a rate of 2.47%. The balance at June 30, 2019 was \$192,387.

Debt service requirements (principal and interest) for all long-term obligations at June 30, 2019 are summarized in the table following:

<i>Year Ended</i>	<i>General Obligation Debt</i>		
	<i>June 30,</i>	<i>Principal</i>	<i>Interest</i>
			<i>Total</i>
2020		265,550	44,896
2021		265,550	33,550
2022		175,550	24,716
2023		91,250	20,556
2024		91,250	18,468
2025-2029		456,250	57,771
2030-2031		182,500	5,213
Total		1,527,900	205,170
			1,733,070

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (continued)

<i>Year Ended</i> <i>June 30,</i>	<i>Proprietary Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	288,772	62,205	350,977
2021	291,725	55,527	347,252
2022	294,712	48,418	343,130
2023	297,763	40,353	338,116
2024	283,886	33,002	316,888
2025-2029	879,973	95,831	975,804
2030-2034	328,217	31,688	359,905
2035	45,103	909	46,012
Total	<u>2,710,151</u>	<u>367,933</u>	<u>3,078,084</u>

Overlapping Debt

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<i>Units</i>	<i>Net debt outstanding June 30, 2019</i>	<i>Percentage applicable to the Town</i>	<i>Town's proportionate share of debt</i>
Regional School Unit No. 22	33,951,960	59.62%	20,243,466
Penobscot County	<u>-</u>	<u>5.60%</u>	<u>-</u>
Totals	<u>33,951,960</u>		<u>20,243,466</u>

The Town's proportionate share of the above debt is paid through annual assessments by the receptive units.

H. Short Term Debt

	<i>Original Issue</i>	<i>Interest Rate</i>	<i>Beginning Balance</i>	<i>Issues</i>	<i>Redemptions</i>	<i>Ending Balance</i>
<i>Governmental activities:</i>						
2019 Multi Projects	2,500,000	2.50%		1,100,000		1,100,000
Grist Mill Road Bridge	1,359,400	1.01%		25,256		25,256
				<u>-</u>	<u>1,125,256</u>	<u>-</u>
						<u>1,125,256</u>

The purpose of all short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes. The amounts issued for governmental activities are accounted for in the capital projects fund.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any to be immaterial.

B. Permanent Funds and Fiduciary Funds

The principal amount of all Nonexpendable Fiduciary Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds and Fiduciary Funds at June 30 are detailed as follows:

<i>Fiduciary Funds</i>	<i>Principal</i>	<i>Income</i>	<i>Total</i>
Hampden Environmental		3,645,510	3,645,510
<i>Permanent Funds</i>			
Dyer Library	275,893	160,145	436,038
Cemetery	57,927	35,721	93,648
Diane Marshall Book Fund	200	276	476
	334,020	196,142	530,162

C. Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the Town participate in the Maine Public Employees Retirement System (System) Participating Local District Consolidated (PLD) Plan. The plan is a multiple-employer cost-sharing plan. Eligible employers (districts) are defined in Maine statute.

Pension Benefits

Benefit terms are established in Maine Statute, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years.) In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for PLD employees is age 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2019, the member contribution rate was 8% for regular – AC plan and 9.5% for special – 3C plan of applicable member compensation. The employer contribution rate was 10% for regular – AC plan and 12.7% for Special – 3C plan of applicable member compensation.

Revenue Recognition

The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan.

The required contributions paid into the System for the year ended June 30, 2019 and the previous two years are as follows:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>			
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>			
<i>Compensation</i>						
2019	\$ 130,882	\$ 172,582	\$ 1,420,929			
2018	\$ 108,774	\$ 138,614	\$ 1,170,186			
2017	\$ 102,402	\$ 122,738	\$ 1,100,814			

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the Town reported a net pension liability of \$683,370. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2018, the Town's proportion was .249699%, which was an increase of 0.010232% from its proportion measured at June 30, 2017.

For the fiscal year ended June 30, 2019, the Town recognized pension expense of \$172,582. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	2,140	7,506
Changes in Assumption	109,070	-
Net Difference between projected between projected and actual earnings on pension plan investments		165,007
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,659	24,587
Employer Contributions made subsequent to measurement date	172,582	
	311,451	197,100

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30,</i>						
2019		78,905				
2020		17,765				
2021		(112,253)				
2022		(42,647)				

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to determine costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his expected future salary. The normal cost of each employee is the product of his pay and his normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Inflation Rate	2.75%
Annual Salary Increases, Including Inflation	2.75%-9%
Investment Rate of Return	6.75%, per annum, compounded annually
Cost of Living Benefit Increases	1.91%

Mortality Rates - For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2018 are summarized in the following table.

		<i>Target</i>	<i>Long-Term</i>		
		<i>Allocation</i>	<i>Expected Real</i>		
<i>Asset Class</i>			<i>Rate of Return</i>		
Public Equities		30.0%	6.0%		
US Government		7.5%	2.3%		
Private Equity		15.0%	7.6%		
Real Assets:					
Real Estate		10.0%	5.2%		
Infrastructure		10.0%	5.3%		
Natural Resources		5.0%	5.0%		
Traditional Credit		7.5%	3.0%		
Alternative Credit		5.0%	4.2%		
Diversifiers		10.0%	5.9%		
		<u>100.0%</u>			

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

C. Defined Benefit Employee Pension Plan (continued)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/ (asset) as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate.

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
	<i>(5.75%)</i>	<i>Rate (6.75%)</i>	<i>(7.75%)</i>
Proportionate Share of the Net Pension Liability	\$ 1,610,612	\$ 683,370	\$ (183,347)

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the System's 2018 Comprehensive Annual Financial Reports available online at www.mainepepers.org or contacting the System at (207) 512-3100.

D. Pension Plans

The government's full-time employees have the option of coverage under the ICMA or Maine Public Employees Retirement Systems.

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan is administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All assets and income of the plans are held in trust for the exclusive benefit of participants and their beneficiaries.

The Town offers its employees a Money Purchase Pension Plan and Trust, which is administered by an independent provider. The Town shall contribute on behalf of each participant 8.40% of earnings plus another .5% of earnings if the employee contributes an additional 2% to a 457 deferred compensation plan for the plan year. Each participant is not required but can make voluntary contributions up to 10% of earnings for the plan year. All full-time employees not on the Maine Public Employees Retirement System are eligible to participate. Normal retirement age shall be 55 (not to exceed age 65). Participant's vesting requirements are fulfilled as follows: 3 years-20%; 4 years-40%; 5 years-60%; 6 years-80%; and 7 years and over-100%.

A participant may direct the investment without restriction among various options available under the trust. Loans are not permitted under the plan.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

D. Pension Plans

Additionally, the Town participates in a retirement health savings plan. Employees are allowed to contribute pre-tax wages to this account. The town will contribute the value of 8 hours per month to the program for employees who have reached the maximum allowable accrued sick time of 120 days. The Town's contribution to the health savings plan was \$36,800 for June 30, 2019, \$36,800 for June 30, 2018, and \$34,269 for June 30, 2017.

E. Deficit Fund Balance

As of June 30, 2019, the sewer fund has a negative unrestricted fund balance of \$469,079. The deficit is partially due to budgeting more expenses than revenues for the past several years. The Town Council did substantially raise sewer rates in February 2016 and adopted another rate increase in May 2017. These increases will gradually eliminate the deficit fund balance.

F. Tax Abatements

The Town of Hampden negotiates tax increment financing agreements on an individual basis. The Town has tax increment financing agreements with three entities as of June 30, 2019:

	<i>Percentage of Taxes Returned during the Fiscal Year</i>	<i>Amount of Taxes Returned during the Fiscal Year</i>	
<i>Purpose</i>			
University Club/Dennis Paper is a grocery distributor located on the Mecaw Road. They have done two expansions over the last five years and now employ over 100 employee/owners	50%	24,054.00	
Emera Maine - New facility for line workers relocated to Hampden in 2016 with the administrative offices to be relocated by 2019	50%	152,188.00	

Each agreement was negotiated under a state law (the Economic Opportunity Act of 1964 as revised) allowing localities to rebate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. All Tax Increment Financing applications must be reviewed by and approved by the State of Maine Department of Economic Development and Community Development. The rebates may be granted to any business located within or promising to relocate to a government's geographic area. Localities may grant rebates up to 100 percent of annual property taxes through a direct reimbursement of the entity's property tax bill. The state law does provide for the recapture of the rebated taxes in the event that the recipient does not fulfill the commitment it makes in return for the reimbursement.

The Town of Hampden has adopted a Tax Increment Financing Policy. The Town of Hampden has not made any commitments as part of the agreements other than to reduce taxes. The Town is not subject to any tax rebate agreements entered into by other governmental agencies. The Town has chosen to disclose information about its tax rebate agreements individually.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)- Maine Municipal Employees Health Trust postretirement benefit plan

Plan description

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer OPEB plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates. Since retirees pay for the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	52
Average age	44.48
Average service	11.52

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)- Maine Municipal Employees Health Trust postretirement benefit plan

Discount Rate	4.10% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Healthcare cost trend rates:

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2017 were used by the actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The actuary distributed the cost based on the current covered population and Cheiron's (the Town's actuarial valuation provider) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

Discount Rate: Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

as of December 31, 2018 is based upon an earlier measurement date, as of December 29, 2017 and is 3.44% per annum. The discount rate as of December 31, 2019 is based upon an earlier measurement date, as of December 28, 2018 and is 4.10% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		Net OPEB Liability
	Total OPEB Liability	Fiduciary Net Position	
	(a)	(b)	
Balances at 1/1/18	351,560	-	351,560
Changes for the year:			-
Service Cost	18,570		18,570
Interest	12,618		12,618
Changes of benefits	-		-
Differences between expected and actual experience	-		-
Changes of assumptions	(39,992)		(39,992)
Contributions - employer		6,724	(6,724)
Contributions - member			-
Net investment income			-
Benefit payments	(6,724)	(6,724)	-
Administrative expense			-
Net Change	(15,528)	-	(15,528)
Balances at 1/1/19	336,032	-	336,032

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.10%) or 1 percentage point higher (4.10%) than the current discount rate:

	1% Decrease (2.10%)	Current Discount Rate (3.10%)	1% Increase (4.10%)
Net OPEB liability (asset)	\$ 399,050	\$ 336,032	\$ 285,500

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 18.8%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 15%.

TOWN OF HAMPDEN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB) Maine Municipal Employees Health Trust postretirement benefit plan

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. Changes in the healthcare trend rate affect the measurement of the Total OPEB Liability. Lower healthcare trend rates produce a lower Total OPEB Liability and higher healthcare trend rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the healthcare trend rate:

	<i>1% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 278,571	\$ 336,032	\$ 410,670

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 17.1%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 22.2%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining services life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 7 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience		1,814
Changes in Assumption	43,712	35,993
Net Difference between projected between projected and actual earnings on pension plan investments		
	43,712	37,807
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:		
2020	1238	
2021	1238	
2022	1238	
2023	1238	
2024	1238	
Thereafter	-285	

TOWN OF HAMPDEN

Exhibit J

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - UNASSIGNED FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	14,722,242	14,722,242	14,877,233	154,991
Intergovernmental Revenues	770,356	770,356	785,371	15,015
Departmental Revenues	946,159	946,159	1,009,576	63,417
Other Local Sources	294,273	294,273	337,067	42,794
Total Revenues	16,733,030	16,733,030	17,009,247	276,217
Expenditures (Net of Departmental Revenues)				
General Government	1,299,157	1,299,157	1,243,235	55,922
Public Safety	3,173,342	3,173,342	3,183,862	(10,520)
Public Works	2,130,578	2,130,578	2,102,501	28,077
Solid Waste	377,665	377,665	422,011	(44,346)
Recreation and Culture	1,169,373	1,169,373	1,094,747	74,626
The Bus	106,352	106,352	79,937	26,415
Buildings and Grounds	236,221	236,221	219,239	16,982
General Assistance	6,000	6,000	9,314	(3,314)
Outside Agencies	9,500	9,500	10,864	(1,364)
Debt Service	331,545	331,545	295,083	36,462
Tax Increment Financing	352,557	352,557	352,484	73
Assessments	7,920,094	7,920,094	7,867,701	52,393
Total Expenditures	17,112,384	17,112,384	16,880,978	231,406
Excess Revenues Over Expenditures	(379,354)	(379,354)	128,269	507,623
Other Financing Sources				
Transfer In	873,096	873,096	873,096	-
Transfers Out	(493,742)	(493,742)	(493,742)	-
Total Other Financing Sources (Uses)	379,354	379,354	379,354	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	507,623	507,623
Unassigned Fund Balance - July 1			1,612,321	
Host Community Benefit			34,091	
Unassigned Fund Balance - June 30			2,154,035	

TOWN OF HAMPDEN
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit K

Schedule 1 - Proportionate Share of the
Net Pension Liability:

Participating Local Districts Plan

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.249699%	0.239467%	0.239080%	0.261687%	0.284342%
Proportionate share of net pension liability	\$683,370	\$980,471	\$978,886	\$834,901	\$437,549
Covered employee payroll	\$1,420,929	\$1,170,186	\$1,100,814	\$1,057,122	\$995,645
Proportionate share of the net pension liability as a percentage of its covered employee payroll	48.09%	83.79%	88.92%	78.98%	43.95%
Plan Total Pension Liability	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	48.773%	75.462%	101.813%	64.115%	33.450%

* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Town Contributions:

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$172,582	\$138,614	\$122,738	\$117,929	\$106,968
Contribution in relation to the contractually required contribution	(\$172,582)	(\$138,614)	(\$122,738)	(\$117,929)	(\$106,968)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$1,420,929	\$1,170,186	\$1,100,814	\$1,057,122	\$995,645
Contributions as a percentage of covered employee payroll	12.15%	11.85%	11.15%	11.16%	10.74%

* Amounts presented for each fiscal year were determined as of June 30. A full year schedule will be displayed as it becomes available.

TOWN OF HAMPDEN
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit L

Schedule 1 - Schedule of Changes in Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>
<u>Total OPEB Liability</u>		
Service Cost (BOY)	\$18,570	\$14,982
Interest (includes interest on service cost)	\$12,618	\$10,998
Changes of benefit terms		
Differences between expected and actual experience		(\$2,268)
Changes in assumptions	(\$39,992)	\$54,640
Benefit payments, including refunds of member contributions	(\$6,724)	(\$5,484)
Net Change in total OPEB liability	(\$15,528)	\$72,868
Total OPEB liability - beginning	\$351,560	\$278,692
Total OPEB liability - ending	\$336,032	\$351,560
<u>Plan fiduciary net position</u>		
Contributions - employer	\$6,724	\$5,484
Contributions - member		
Net investment income		
Benefit payments, including refunds of member contributions	(\$6,724)	(\$5,484)
Administrative expense		
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning		
Plan fiduciary net position - ending	-	-
Net OPEB liability - ending	\$336,032	\$351,560
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%
Covered Employee Payroll	\$2,610,552	\$2,610,552
Net OPEB Liability as a % Of the Covered Employee Payroll	12.872%	13.467%

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>
Contractually required contribution	\$6,724	\$5,484
Contribution in relation to the contractually required contribution	(\$6,724)	(\$5,484)
Contribution deficiency	\$0	\$0

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

**TOWN OF HAMPDEN
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2018, is as follows:

A. Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

B. Asset Valuation Method

The actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actual assumption for investment return.

C. Amortization

The net pension liability is amortized on a level percentage of payrolls over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current costs accounting, reinforcing existing statutory requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

	<u>PLD Plan</u>
Investment Rate of Return:	6.75% per annum, compounded annually
Inflation Rate	2.75%
Rates of Salary Increase	2.75% to 9.0%
Cost of Living Benefit:	2.20%

For Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table for males and females for both the SET Plan and PLD Plan. The actuarial assumptions used in the June 30, 2016 valuation were based on the Entry Age Normal actuarial funding method. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

TOWN OF HAMPDEN
NOTES TO OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Claims costs and retiree contributions were updated to reflect current healthcare costs.

Changes of Assumptions

Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial cost method	Entry Age
Amortization method	Level dollar
Amortization period	30 years
Discount Rate	4.10% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.
Retirement Age	65
Healthcare cost trend rates	

Pre-Medicare Medical: Initial trend of 8.20% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug: Initial trend of 9.60% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Medical: Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4.00% per annum.

Medicare Drug: Initial trend of 9.60% applied in FYE 2017 grading over 14 years to 4.00% per annum.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

TOWN OF HAMPDEN
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Taxes			
Property	12,677,742	12,674,233	(3,509)
Auto Excise	2,000,000	2,152,813	152,813
Boat Excise	11,000	11,437	437
Lien Interest and Fees	24,000	20,809	(3,191)
Interest on Taxes	9,500	17,941	8,441
	<u>14,722,242</u>	<u>14,877,233</u>	<u>154,991</u>
Intergovernmental Revenues			
General Assistance	3,000	7,834	4,834
Tree Growth	4,015	4,834	819
Veterans Reimbursement	6,500	7,589	1,089
Homestead Reimbursement	439,111	439,111	-
Business Equipment Tax Reimbursement	104,406	104,512	106
State Road Assistance	66,104	66,104	-
DEA/School Reimb.	144,770	152,977	8,207
Snowmobile Reimbursement	2,450	2,410	(40)
	<u>770,356</u>	<u>785,371</u>	<u>15,015</u>
Departmental Revenues			
Ambulance Service	210,000	261,323	51,323
Police	2,200	3,526	1,326
Fire	20	4	(16)
MRC Rebates	17,000	19,566	2,566
Hauler Licensing	800	509	(291)
Solid Waste Recycling	9,500	11,161	1,661
Transfer Station	33,000	32,490	(510)
Sewer	60,000	60,000	-
Plumbing Fees	9,000	11,411	2,411
Re-Registration Fees	23,221	25,907	2,686
Town Clerk Fees	13,300	9,935	(3,365)
Public Works/Cemetery Fees	7,000	7,400	400
Code Enforcement Fees	20,000	34,286	14,286
Library	7,000	5,550	(1,450)
Animal Control	3,500	5,397	1,897
Pool Fees	174,533	156,510	(18,023)
Recreation Fees	353,335	354,971	1,636
Planning/Zoning Fees	2,750	9,630	6,880
	<u>946,159</u>	<u>1,009,576</u>	<u>63,417</u>

TOWN OF HAMPDEN
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over (Under) Budget</i>
Other Local Sources			
Interest on Investments	8,500	19,534	11,034
Fair Value Increases (Decreases)		(3,407)	(3,407)
Cable TV Franchise	16,000	15,713	(287)
Sale of Cemetery Lots	3,000	2,925	(75)
Rental Income	2,000	2,000	-
Fees and Permits	350	173	(177)
Service Charges	9,110	9,102	(8)
Escrow Income		37,500	37,500
401 Forfeiture Funds	50,953	54,215	3,262
Environmental Trust	203,860	197,952	(5,908)
All Other	500	1,360	860
	<u>294,273</u>	<u>337,067</u>	<u>42,794</u>
Operating Transfers In			
Municipal Revenue Sharing	416,958	416,958	-
Host Community Benefit	456,138	456,138	-
	<u>873,096</u>	<u>873,096</u>	<u>-</u>
Total Revenues and Transfers	17,606,126	<u>17,882,343</u>	<u>276,217</u>
Beginning Fund Balance Used To Reduce Tax Commitment			
Total	<u>17,606,126</u>		

**TOWN OF HAMPDEN
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2019**

**Exhibit A-2
Page 1 of 2**

	Encumbered From 6/30/18	Appropriations	Expenditures Net of Refund	Encumbered To 6/30/20	Under Budget
General Government					
Administration		691,355	663,704		27,651
GIS/IT		118,184	118,655		(471)
Communications		22,325	14,908		7,417
Town Council		30,308	21,616		8,692
Municipal Building		119,403	127,478		(8,075)
Tax Collector		8,350	7,717		633
Elections		10,244	9,097		1,147
Planning/Assessing		298,988	280,060		18,928
	-	1,299,157	1,243,235	-	55,922
Public Safety					
Police Department		1,126,570	1,105,610		20,960
Fire Department		1,191,099	1,220,812		(29,713)
Public Safety		206,241	222,249		(16,008)
Non Department Utilities		649,432	635,191		14,241
	-	3,173,342	3,183,862	-	(10,520)
Public Works					
Public Works	7,500	2,032,308	1,953,381	61,710	24,717
Municipal Garage		54,410	53,734		676
Stormwater	27,000	43,860	68,176		2,684
	34,500	2,130,578	2,075,291	61,710	28,077
Solid Waste		377,665	422,011		(44,346)
Recreation and Culture					
Parks/Recreation		197,998	200,956		(2,958)
Recreation - Programs		221,884	169,722		52,162
Skeehan Center		134,328	113,683		20,645
Dyer Library		267,724	259,678		8,046
Marina		850	563		287
Lura Hoit Pool		346,589	350,145		(3,556)
	-	1,169,373	1,094,747	-	74,626

**TOWN OF HAMPDEN
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Encumbered From 6/30/18</u>	<u>Appropriations</u>	<u>Expenditures Net of Refund</u>	<u>Encumbered To 6/30/20</u>	<u>(Over) Under Budget</u>
The Bus		106,352	79,937		26,415
Buildings and Grounds		236,221	219,239		16,982
General Assistance		6,000	9,314		(3,314)
Outside Agencies		9,500	10,864		(1,364)
Debt Service		331,545	295,083		36,462
TIF		352,557	352,484		73
Assessments					
Regional School District		6,941,926	6,941,925		1
County Tax		911,927	911,927		-
Overlay		66,241	13,849		52,392
		7,920,094	7,867,701	-	52,393
Transfers To Other Funds					
Town Reserves		128,492	128,492		-
Capital Improvement Program		365,250	365,250		-
		493,742	493,742		-
Totals	<u>34,500</u>	<u>17,606,126</u>	<u>17,347,510</u>	<u>61,710</u>	<u>231,406</u>

TOWN OF HAMPDEN
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-3

Unassigned Fund Balance, July 1	1,612,321	
Unassigned Fund Balance, June 30	<u>2,119,944</u>	
Increase (Decrease)		<u><u>507,623</u></u>

Analysis of Change

Budget Summary		
Revenue Surplus (Exhibit A-1)	276,217	
Unexpended Balance of Appropriations and Operating Transfers (Exhibit A-2)	<u>231,406</u>	
Budget Surplus		507,623
Deductions		
Beginning Fund Balance Used To Reduce Tax Commitment		<u>-</u>
Increase (Decrease)		<u><u>507,623</u></u>

***Reconciliation Between General Unassigned Fund Balance
and Exhibit C Unassigned Fund Balance:**

General Fund Unassigned Fund Balance - Exhibit A-3	2,119,944	
Host Community Benefit	<u>34,091</u>	
Total Unassigned Fund Balance Exhibit C	<u><u>2,154,035</u></u>	

TOWN OF HAMPDEN
ALL GENERAL RESERVES
BALANCE SHEET
JUNE 30, 2019

Exhibit A-4
Page 1 of 2

<i>Assets</i>	<i>Municipal Revenue Sharing</i>	<i>Town Reserves</i>	<i>Voting Machine</i>	<i>Bronco Youth Football</i>	<i>Bronco Travel Basketball</i>
Cash and Equivalents		73,693			
Investments		105,850			
Accounts Receivable					
Due from Other Funds	178,078	52,000	18,492	12,055	13,147
Total Assets	178,078	231,543	18,492	12,055	13,147
<i>Liabilities & Fund Balances</i>					
Liabilities					
Accounts Payable					
Due to Other Funds					
Total Liabilities	-	-	-	-	-
Fund Balances					
Restricted	178,078				
Committed		231,543	18,492	12,055	13,147
Unassigned					
Total Fund Balances	178,078	231,543	18,492	12,055	13,147
Total Liabilities & Fund Balances	178,078	231,543	18,492	12,055	13,147

TOWN OF HAMPDEN
ALL GENERAL RESERVES
BALANCE SHEET
JUNE 30, 2019

Exhibit A-4
Page 2 of 2

<i>Assets</i>	<i>Bronco Little League</i>	<i>Host Community Benefit</i>	<i>BYF Camp Haws</i>	<i>Lura Hoit Pool</i>	<i>Totals</i>
Cash and Equivalents				28,010	101,703
Investments				97,279	203,129
Accounts Receivable					-
Due from Other Funds	11,842	34,091	4,555		324,260
Total Assets	11,842	34,091	4,555	125,289	629,092
<i>Liabilities & Fund Balances</i>					
Liabilities					
Accounts Payable					-
Due to Other Funds				27,737	27,737
Total Liabilities	-	-	-	27,737	27,737
Fund Balances					
Restricted					178,078
Committed	11,842		4,555	97,552	389,186
Unassigned		34,091			34,091
Total Fund Balances	11,842	34,091	4,555	97,552	601,355
Total Liabilities & Fund Balances	11,842	34,091	4,555	125,289	629,092

TOWN OF HAMPDEN
ALL GENERAL RESERVES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-5
Page 1 of 2

	Municipal Revenue Sharing	Town Reserves	Fire Training School	Voting Machine	Recreation	Bronco Youth Football
Revenues						
Intergovernmental Revenues	433,302					
Investment Income		1,858				
Fair Value Increases (Decreases)		535				
Other Local Sources		3,854				9,437
Total Revenues	433,302	6,247	-	-	-	9,437
Expenditures						
General Government		56,295				
Public Safety		37,064				
Public Works		-				
Recreation and Culture						10,905
Total Expenditures		93,359	-	-	-	10,905
Excess of Revenues Over (Under) Expenditures	433,302	(87,112)	-	-	-	(1,468)
Other Financing Sources (Uses)						
Transfers In		128,492				
Transfers Out	(416,958)	(4,408)				
Total Other Financing Sources (Uses)	(416,958)	124,084	-	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	16,344	36,972	-	-	-	(1,468)
Fund Balance - July 1	161,734	194,571		18,492	-	13,523
Fund Balance - June 30	178,078	231,543	-	18,492	-	12,055

TOWN OF HAMPDEN

ALL GENERAL RESERVES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-5

Page 2 of 2

	<i>Bronco Travel Basketball</i>	<i>Bronco Little League</i>	<i>Host Community Benefit</i>	<i>BYF Camp Haws</i>	<i>Lura Hoit Pool</i>	<i>Totals</i>
Revenues						
Intergovernmental Revenues						433,302
Investment Income					3,823	5,681
Fair Value Increases (Decreases)					228	763
Other Local Sources	31,111	38,916		4,555	7,785	95,658
Total Revenues	31,111	38,916	-	4,555	11,836	535,404
Expenditures						
General Government						56,295
Public Safety						37,064
Public Works			11,994			11,994
Recreation and Culture	30,739	39,541	470		5,461	87,116
Total Expenditures	30,739	39,541	12,464	-	5,461	192,469
Excess of Revenues Over (Under) Expenditures	372	(625)	(12,464)	4,555	6,375	342,935
Other Financing Sources (Uses)						
Transfers In						128,492
Transfers Out			(456,138)			(877,504)
Total Other Financing Sources (Uses)	-	-	(456,138)	-	-	(749,012)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	372	(625)	(468,602)	4,555	6,375	(406,077)
Fund Balance - July 1	12,775	12,467	502,693		91,177	1,007,432
Fund Balance - June 30	13,147	11,842	34,091	4,555	97,552	601,355

**TOWN OF HAMPDEN
GENERAL RESERVE FUNDS
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2019**

Reserve Fund	Balance July 1	Revenues	Interest	Increase (Decrease) In Fair Value	Transfers In	Expenditures	Transfers Out	Balance June 30
Boat Fund/Public Safety	1,490		13	3				1,506
Buildings/Grounds	8,626		132	48	11,395			20,201
Contingency	3						(3)	-
Copier	245		2					247
Garage Modifications	17,939		152	41				18,132
Economic Development	2,959		11	1		(2,212)		759
EMS/Vaccine	1,204		67	40	37,500			38,811
Fire Department Building	2,389		20	6				2,415
Fire Training	2,370		20	5				2,395
Fire Truck Refurbishing	19,788		168	45				20,001
Fire Visual Aid	834		7	2				843
GIS Mapping	14,210		109	24		(8,000)		6,343
Library Grant	261		2					263
Matching Grants	19,874	1,159	159	40			(4,400)	16,832
Planning Board Development	1						(1)	-
Planning Board	4						(4)	-
Planning and Commissions	38,371	2,195	318	87		(2,689)		38,282
Police Cruiser/Communication	58,161		437	109	27,000	(37,064)		48,643
Town Properties Survey	1,540	500	14	4				2,058
Town Records Restoration	407		8	4	3,628	(4,028)		19
Wage Study and Implementation	3,895		219	76	48,969	(39,366)		13,793
	194,571	3,854	1,858	535	128,492	(93,359)	(4,408)	231,543

**TOWN OF HAMPDEN
ALL SPECIAL REVENUE FUNDS
BALANCE SHEET
JUNE 30, 2019**

**Exhibit B-1
Page 1 of 2**

<i>Assets</i>	<i>Pool Donation</i>	<i>Public Safety Donation</i>	<i>Public Works Donation</i>	<i>Library Fund</i>	<i>Lura Hoit Pool Scholarship</i>	<i>Wellness Fund</i>
Cash and Equivalents						
Due from Other Funds	221	2,064	425	4,733	35,911	295
Total Assets	221	2,064	425	4,733	35,911	295
Liabilities & Fund Balances						
<i>Liabilities</i>						
Due to Other Funds						
Total Liabilities	-	-	-	-	-	-
<i>Fund Balances</i>						
Restricted	221	2,064	425	4,733	35,911	295
Unassigned						
Total Fund Balances	221	2,064	425	4,733	35,911	295
Total Liabilities & Fund Balances	221	2,064	425	4,733	35,911	295

**TOWN OF HAMPDEN
ALL SPECIAL REVENUE FUNDS
BALANCE SHEET
JUNE 30, 2019**

**Exhibit B-1
Page 2 of 2**

<i>Assets</i>	<i>Pink Garden</i>	<i>MRPA Tickets</i>	<i>Snowmobile Grant</i>	<i>Sucker Brook Comp Fee Util Plan</i>	<i>Totals</i>
Cash and Equivalents					35,911
Due from Other Funds	115	270	7,770	64,216	80,109
Total Assets	115	270	7,770	64,216	116,020
<i>Liabilities & Fund Balances</i>					
Liabilities					-
Due to Other Funds					-
Total Liabilities	-	-	-	-	-
Fund Balances					
Restricted	115	270	7,770	64,216	116,020
Unassigned					-
Total Fund Balances	115	270	7,770	64,216	116,020
Total Liabilities & Fund Balances	115	270	7,770	64,216	116,020

**TOWN OF HAMPDEN
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

**Exhibit B-2
Page 1 of 3**

	Pool Donation	Public Safety Donation	MMA Safety Grant	Public Works Donation	Library Fund
Revenues					
Intergovernmental Revenues					
Other Local Sources	35	50	2,000	425	9,533
Total Revenues	35	50	2,000	425	9,533
Expenditures					
General Government					
Public Safety			3,152		13,217
Recreation and Culture					
Total Expenditures	-	-	3,152	-	13,217
Excess of Revenues Over (Under) Expenditures	35	50	(1,152)	425	(3,684)
Other Financing Sources (Uses)					
Transfers from Other Funds			1,152		5,500
Transfers to Other Funds					
Total Other Financing Sources (Uses)	-	-	1,152	-	5,500
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	35	50	-	425	1,816
Fund Balance - July 1	186	2,014			2,917
Fund Balance - June 30	221	2,064	-	425	4,733

TOWN OF HAMPDEN
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B-2
Page 2 of 3

	Rescue Equipment	Byrne/Jag Grant	Lura Hoit Scholarship	Maine Community Foundation	Wellness Fund
Revenues					
Intergovernmental Revenues	1,384	1,151	1,982	500	2,880
Other Local Sources					
Total Revenues	1,384	1,151	1,982	500	2,880
Expenditures					
General Government				500	3,164
Public Safety	2,769	1,151			
Recreation and Culture			548		
Total Expenditures	2,769	1,151	548	500	3,164
Excess of Revenues Over (Under) Expenditures	(1,385)	-	1,434	-	(284)
Other Financing Sources (Uses)					
Transfers from Other Funds	1,385				
Transfers to Other Funds					
Total Other Financing Sources (Uses)	1,385	-	-	-	-
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	1,434	-	(284)
Fund Balance - July 1			34,477		579
Fund Balance - June 30	-	-	35,911	-	295

**TOWN OF HAMPDEN
ALL SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

**Exhibit B-2
Page 3 of 3**

	Pink Garden	Fitness Equipment	MRPA Tickets	Snowmobile Grant	Sucker Brook Comp Fee Util Plan	Totals
Revenues						
Intergovernmental Revenues		37,272		7,770		47,577
Other Local Sources	35		4,905		64,216	86,561
Total Revenues	35	37,272	4,905	7,770	64,216	134,138
Expenditures						
General Government	242					3,906
Public Safety		39,135				46,207
Recreation and Culture			4,635			18,400
Total Expenditures	242	39,135	4,635	-	-	68,513
Excess of Revenues Over (Under) Expenditures	(207)	(1,863)	270	7,770	64,216	65,625
Other Financing Sources (Uses)						
Transfers from Other Funds		1,863				9,900
Transfers to Other Funds						-
Total Other Financing Sources (Uses)	-	1,863	-	-	-	9,900
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	(207)	-	270	7,770	64,216	75,525
Fund Balance - July 1	322					40,495
Fund Balance - June 30	115	-	270	7,770	64,216	116,020

**TOWN OF HAMPDEN
ALL CAPITAL PROJECTS FUNDS
BALANCE SHEET
JUNE 30, 2019**

Exhibit C-1

	<i>Capital</i>				<i>Totals</i>
	<i>Rt 202 Fire Suppression</i>	<i>Rt LA Project</i>	<i>Grist Mill Bridge</i>	<i>Improvement Program</i>	
Assets					
Cash				1,149,827	1,149,827
Bond Receivable			25,256		25,256
Due from Other Funds	1,913	595,767		82,735	680,415
Total Assets	1,913	595,767	25,256	1,232,562	1,855,498
Liabilities & Fund Balances					
Liabilities					
Due To Other funds			25,256		25,256
Total Liabilities	-	-	25,256	-	25,256
Fund Balances					
Committed	1,913	595,767		1,232,562	1,830,242
Total Fund Balances	1,913	595,767	-	1,232,562	1,830,242
Total Liabilities & Fund Balances	1,913	595,767	25,256	1,232,562	1,855,498

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Rt 202 Fire Suppression	Rt 1A Project	Grist Mill Bridge	Capital Improvement Program	Totals
Revenues					
Investment Income				10,171	10,171
Fair Value Increases (Decreases)				2,773	2,773
Other Local Sources				17,311	17,311
Total Revenues	-	-	-	30,255	30,255
Expenditures					
Capital Outlay	5,150	497,170	25,256	437,366	964,942
Total Expenditures	5,150	497,170	25,256	437,366	964,942
Excess of Revenues Over Expenditures	(5,150)	(497,170)	(25,256)	(407,111)	(934,687)
Other Financing Sources (Uses)					
Bond Proceeds	7,063	1,092,937	25,256		1,125,256
Transfers from Other Funds				400,268	400,268
Transfers to Other Funds				(35,010)	(35,010)
Total Other Financing Uses	7,063	1,092,937	25,256	365,258	1,490,514
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	1,913	595,767	-	(41,853)	555,827
Fund Balance - July 1				1,274,415	1,274,415
Fund Balance - June 30	1,913	595,767	-	1,232,562	1,830,242

**TOWN OF HAMPDEN
ALL PERMANENT FUNDS
BALANCE SHEET
JUNE 30, 2019**

Exhibit D-1

<i>Assets</i>	<i>Dyer Library</i>	<i>Cemetery</i>	<i>Diane Marshall Book Fund</i>	<i>Totals</i>
Cash and Equivalents	14,704	14,956	476	30,136
Investments	422,982	83,642		506,624
Due from Other Funds		50		50
Total Assets	437,686	98,648	476	536,810
<i>Liabilities & Fund Balances</i>				
<i>Liabilities</i>				
Due to Other Funds	1,648	5,000		6,648
Total Liabilities	1,648	5,000	-	6,648
<i>Fund Balances</i>				
Nonspendable	275,893	57,927	200	334,020
Assigned	160,145	35,721	276	196,142
Total Fund Balances	436,038	93,648	476	530,162
Total Liabilities & Fund Balances	437,686	98,648	476	536,810

TOWN OF HAMPDEN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit D-2

	<i>Dyer Library</i>	<i>Cemetery</i>	<i>Diane Marshall Book Fund</i>	<i>Totals</i>
Revenues				
Fair Value Increases (Decreases)	23,009	2,100		25,109
Investment Income	6,558	1,599		8,157
Other Local Sources	416			416
Total Revenues	29,983	3,699	-	33,682
Expenditures				
Cemetery Maintenance				-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	29,983	3,699	-	33,682
Other Financing Sources (Uses)				
Transfers to Other Funds	(5,500)			(5,500)
Total Other Financing Uses	(5,500)	-	-	(5,500)
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	24,483	3,699	-	28,182
Fund Balance - July 1	411,555	89,949	476	501,980
Fund Balance - June 30	436,038	93,648	476	530,162